

First Quarter 2002

Public Employee Retirement System of Idaho

A Message from Retirement Board Chairman, Jody B. Olson

Enron fiasco has little effect on PERSI

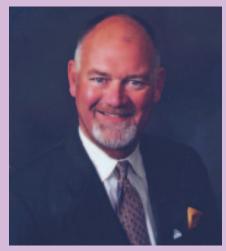
By now, you've no doubt seen media reports and heard rumors about how the collapse of Enron, one of the world's largest companies, has devastated some retirement plans.

Enron's failure is a tragic American business story. Conflicts of interest appear to be rampant. Illegal actions possibly occurred. Thousands of share holders and employees suffered while senior management became wealthy. Allegations will be investigated. Facts will come out and illegal acts will be prosecuted.

Unfortunately, many media reports have misrepresented the effect Enron has had on participants in state retirement programs. One such report from a national news program was entitled "Enron fallout: pension funds hit nationwide."

In this instance, the real "fallout" was the unwarranted anxiety the story caused for countless individuals in retirement plans nationwide, coupled with the complete waste of thousands of hours of pension plan staff time and other pension fund resources in dealing with those anxious plan participants on this matter.

We here at PERSI have also heard from many members, active and retired, who are concerned about Enron and the PERSI fund.



Jody B. Olson

The PERSI Base Plan and Enron

The Enron fiasco has had very little effect on PERSI. Our equity holdings in Enron at the beginning of November 2001 were about \$2

Million. That represents less than 1/10th of one percent of our \$6

Billion in assets. Losses from Enron will have no material effect on our fund, and no effect whatsoever on your Base Plan benefits.

Most media reports fail to make distinctions between types of pension plans – such as the Enron 401(k) plan where the employees had large quantities of employer stock and bore the risks associated with holding that stock in their individual accounts, versus state defined benefit plans such as the PERSI Base Plan, where assets are pooled and institutionally invested

in diversified portfolios, and where retirement benefits are guaranteed.

Defined benefit plan participants have not been negatively impacted by the Enron bankruptcy and that is a story the media should be reporting. While individually managed 401(k) account plans have been widely heralded over the last decade as being the wave of the retirement benefit future, it is the more traditional defined benefit plans which provide protection to participants in the face of declining investment markets and corporate bankruptcies.

Because of the size of PERSI's investment portfolio, the fund actually gains and/or loses millions each day. Losses, such as those due to Enron, while not pleasant, are to be expected from time to time, and PERSI plans accordingly. PERSI's investments are widely diversified so that even if we experience losses from one company the fund is still solid and secure.

Rest assured, PERSI Base Plan retirement benefits are not jeopardized in any way by this situation. We continue to be actuarially sound, well funded, and diversified in our investments.

Retiree's book describes winter adventure

by Bill Duncan, PERSI Training Specialist

Pat Cary Peek's first emotions upon arriving in the Frank Church River of No Return Wilderness were overpowering. She had never seen a country so vast, so open.

Having just been dropped off in the middle of the wilderness with only her husband, Jim, their dog, Lady and 20 boxes of food, she was unprepared for the beauty of it all. "It was so new to me," she said, "I had no idea how it would influence my life." And thus a journey had begun for this PERSI retiree, a journey that has taken her from an elementary classroom to the Frank Church Wilderness to Tanzania East Africa and beyond.

The life of Pat Cary Peek began anew the day she took early retirement from her teaching job of over 25 years. She loved teaching, but when the opportunity came to change directions and travel with her husband, Jim, a well-known wildlife biologist, she jumped in with both feet and never looked back.

Her first adventure took her to the Idaho wilderness. Armed with a desire to experience the wilderness and a lifelong dream of writing a book, she took off on October 12, 1992 on a 6-month adventure she describes in her book, *One Winter in the Wilderness*. "I'd always liked to write and had some successes over the years with magazine articles." The book was a hit, garnering a five star rating (out of five stars) from Amazon.com after being released in October 1997.

The book chronicles, in journal entry



Pat Cary Peek

form, a narrative account of her experiences in the wilderness, combined with illustrative photos, area history, and scientific information about the ecology of the region. The Frank Church River of No Return Wilderness is a 2.3 million acre spread located in Northeastern Idaho, the largest forested wilderness in the lower 48 states. "I thought about writing a book right away when I first went into the Taylor Ranch Field Station." The field station is a small cabin owned by the University of Idaho, with no running water or electricity, isolated and remote from the civilization of the cities. For Pat. it was a time of overcoming fear with courage and an enlightened realization that the untamed earth is a vital resource.

"In the wilderness, I feared accidents or severe illness where you need immediate care. If you're in there it could take several days or longer to get flown out because the planes can't always get in because of weather." However, the threat of peril and fear of the unknown is much more of a comfort than what takes place in the "jungles" of Boise. "The 'jungle' in the wilderness is a natural 'jungle'," she says. "I think people are an integral part of nature and need nature to be whole," she added.

"Anyone can experience the wilderness."

She emphasizes that others can share in her experiences. "The idea that the wilderness is somehow 'locked up' is hogwash!" She recommends many comfortable inns and lodges near all the big wilderness areas and suggests small airstrips that folks can fly into. But nature may be closer than you think. Pat gives many slide shows to civic groups and tells them, "You don't need to go to a wilderness to connect with nature, but the wilderness is important not just for humans to experience, but for its own worth. Just knowing that it is there is important, plus it holds secrets that we can't even imagine."

It is because of this desire to see people connected to their natural roots that Pat Peek loves to share her passion through her writing and other activities. She belongs to a discussion group and hikes with a "wonderful group of women", about once a week. Pat also never passes up an opportunity to take her new dog, Daisy, on daily walks through the woods behind her house. Add to that her involvement on the board of the Latah County Adult Literacy Council,

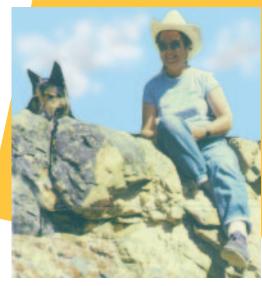
es in Idaho's Frank Church Wilderness Area

the advocacy group "Great Old Broads for Wilderness," Pacific Northwest Writer's Association, and Women Writing the West, and you can see that she hasn't taken retirement lying down.

Encouraging other retirees to get involved, she says, "Just do it!" Keeping a journal is the best way to start writing, even if for no better reason than leaving a legacy for your family. You have to make your own retirement special, getting involved with activities that interest you. For Pat, it is the memories of her wilderness experience that matter most. She had two incredibly breathtaking moments. One was almost crashing into the mountain when she and her husband were flying out. The other was a wonderful cougar sighting. "I am not a really religious person in the traditional sense, but when the old girl lay down and let us watch her it was one of the most spiritual events of my life."

Her love of adventure has also taken her to other places around the globe. She went to Tanzania East Africa last February, and has been to Siberia, Russia among other places. Siberia offered her a special pleasure. "They served fish soup, whole, with the eyes staring up at me from the bowl! I ate a little of the broth and waited for breakfast the next day. Guess what? They served the same fish for breakfast!"

Since the release of *One Winter in the Wilderness*, Pat has continued writing and researching history, her first love. She just finished *Cougar Dave*,



Mountain Man of Idaho, a story about the original homesteader of Taylor Ranch and famous hunting guide in the region during the 1920's and 30's. The latest book, not yet published, took three years of research to complete and has been another exciting journey. "I'm very proud of it," she says. Pat is currently working on a historical fiction set in the Coeur d' Alene country, a book she hopes to have completed soon.

What personal qualities drive Pat Cary Peek to share her love of life through her writing? "I guess one is emotional strength," she says. Pat weathered a difficult childhood growing up in Oregon, and endured serious tragedies in her earlier life. "I think the saying that "it either breaks you or makes you stronger" is really true." Pat received several rejections from publishing houses when she completed her first book, an ordeal many writers have to push through. "I also don't give up easily."

Today, Pat enjoys her retirement lifestyle and the freedom that it affords her. She can pick and choose how to spend her time each day.

Although her love of teaching kept her in the classroom for over twenty-five years, and she sometimes misses contact with the kids, she has never looked back. Her biggest challenge in retirement? "The fact that my body is aging just when I have the time to do all these things. It's not fair! I plan on taking a raft trip down the Colorado River in the Grand Canyon in May and am a little more worried about a comfortable bed than I would have been thirty years ago."

It seems that Pat will never slow down. And she doesn't believe that other retirees should either. "Get involved with things that you love. Find others who have similar interests. Volunteer to your community and your own family. Have a plan and a vision about how your life will be and then take steps toward it."

And the journey continues....





PERSI and Enron

continued from front page

Potential Claims Against Enron

PERSI is closely monitoring developments related to Enron's demise and potential claims the fund may have against Enron and other related parties. Generally, in similar situations, class action lawsuits are filed and often other large public retirement funds, serve as lead plaintiff. PERSI generally participates and obtains recoveries in such actions as a member of the class. This is what we plan to do in this case. We will monitor the situation and are prepared to take additional action if necessary.

FAQs About PERSI and Enron

How much did PERSI lose from its Enron investments?

It is difficult to determine a specific amount, but as of November 1, 2001, PERSI's equity holdings in Enron were about \$2 million. This is about 0.03% of the \$6 billion fund.

Will my PERSI checks decrease? Absolutely not! Your pension payments are guaranteed for your lifetime (and if you chose a Contingent Annuitant, or "CA," at retirement, after your death the

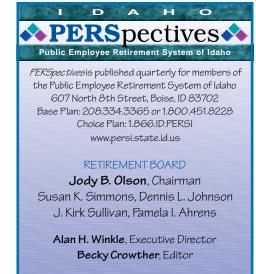
payments will continue for the rest

of your CA's lifetime).

Instead of decreasing, your checks will actually continue to increase each year because of COLAs.

Are PERSI benefits in jeopardy?

No. PERSI is actuarially sound, and well diversified in its investments. PERSI losses from Enron have had no material impact on the fund. Member benefits are not affected by this event.



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